

United States Department of State

# **Accountability Report for Fiscal Year 1999**

August 2000

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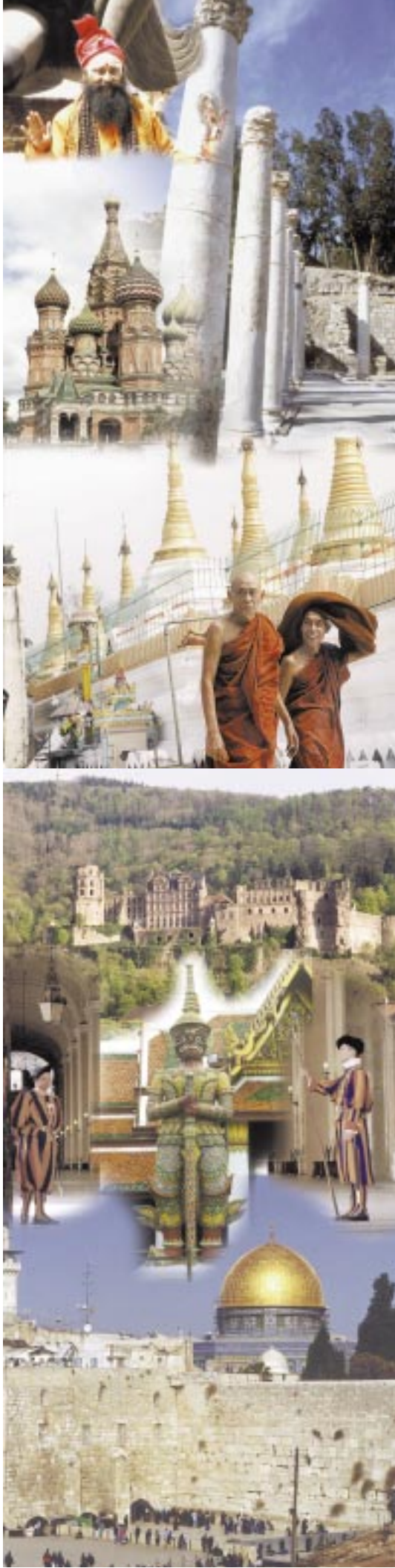
The *Accountability Report for Fiscal Year 1999* is published by the U.S. Department of State, Bureau of Financial Management and Policy, Office of Financial Policy, Reports and Analysis. An electronic version of the report is on the World Wide Web at

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U.S. Department of State Publication 10763  
Bureau of Financial Management and Policy  
August 2000



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## Message from the Secretary

I am pleased to submit the Department of State's *Accountability Report for Fiscal Year 1999*. The report presents the key programs, initiatives and activities of the Department for 1999, together with our audited financial statements. It also meets several reporting requirements for which we have traditionally sent separate reports to the Congress.

I am proud to announce that for the third consecutive year, the Department has received an "unqualified opinion" – a clean bill of health – from our auditors on our annual financial statements. In the future, we foresee more extensive reporting on program accomplishments combined with even better performance measures to assess our success.

Within the overview section of this *Report* you will find the strategies and programs of the Department in accomplishing its mission and meeting its foreign affairs goals. These achievements represent the hard work of 20,000 foreign and civil service officers and foreign service national employees, based here in the U.S. and in 162 countries abroad. Their work has been substantive and has truly made a difference.

Today, America is secure, prosperous and strong. But we live in a world of constant change, in which new opportunities and dangers frequently arise. If we are to remain secure, we must be vigilant in guarding against 21st century threats, such as terrorism, drug trafficking and the spread of weapons of mass destruction. We must be prepared for the tests and opportunities of globalization so that American workers, farmers and businesses have a level playing field on which to compete. We must continue to promote democracy and protect human rights, so that our citizens may live in a world characterized by justice and law.

To face these challenges adequately, we must have adequate resources. Currently we allocate only about one penny of every federal dollar to the entire range of international affairs programs. If we are to protect American interests in the 21st century, we must lead; but we will not be able to lead unless we invest more in the diplomatic tools and programs which enable us to influence and shape world events.

I invite you to read this *Accountability Report* as a record of our accomplishments in promoting the interests of the American people and our contributions in supporting a safe, prosperous and free world.

A handwritten signature in dark ink that reads "Madeleine Albright". The signature is fluid and cursive, with the first name "Madeleine" and the last name "Albright" clearly distinguishable.

Madeleine K. Albright  
Secretary of State

## Message from the Chief Financial Officer

For the third year in a row, the Independent Auditor selected by the Department of State's Inspector General has issued an unqualified "clean" opinion on the Department's consolidated financial statements. This is the best possible result of an audit and gives confidence to the reader that the financial statements contain accurate and reliable information on the revenue, expenses, assets, liabilities and government equity accounts as of and for the year ended September 30, 1999. Clearly, we are proud of this progress especially when realizing that, only five years ago, we were unable to produce audible, Department-wide financial statements.



A significant milestone was achieved in 1999 with the correction of seven of the remaining eleven internal control weaknesses identified through the process of internal control reviews performed each year as required by the Federal Managers' Financial Integrity Act. Weaknesses in information management planning, security and modernization, visa processing, working capital fund accounting, and maintenance of real property overseas were corrected representing more than ten years of work.

A most notable accomplishment of 1999 was preparation for the transition to the new millennium. It went extremely well with no disruption to financial management activities around the world in the 162 countries where the U.S. maintains a presence. This is the result of a well-planned effort begun more than two years earlier to insure that all financial management and operating systems were ready to handle the transactions taking place when January 1, 2000, commenced the new millennium.

Another challenge met in 1999 was the full integration of the United States Information Agency (USIA) and the Arms Control and Disarmament Agency (ACDA) into the Department of State worldwide organization. This massive undertaking – the largest structural change to the U.S. Government's foreign affairs administration in decades – has proceeded smoothly. Putting these functions and the 2,300 former USIA and ACDA employees under one roof has already enhanced the consistency and integrity of our foreign policy.

Overseas, our Financial Service Centers (FSCs) in Bangkok, Thailand, and Paris, France, continue to provide critical support for the financial needs of the Embassies and Consulates in parts of Europe, the New Independent States of the former Soviet Union, the Middle East, Africa and the Far East. The Charleston, South Carolina, FSC supports operations for posts in Central and South America and parts of Europe. Expansion of the Charleston FSC to encompass additional activities is planned over the next several years to take advantage of the economies of scale its location and facilities offer.

The accomplishments in 1999 set the stage for further improvements planned in the years ahead.

A handwritten signature in dark ink that reads "Bert T. Edwards". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Bert T. Edwards  
*Chief Financial Officer*

# Overview of the Department of State

